

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTON COUNTY WATER)	
DISTRICT NO. 1 (A) FOR AUTHORITY TO)	
ISSUE PARITY REVENUE BONDS IN THE)	
APPROXIMATE PRINCIPAL AMOUNT OF)	
\$7,315,000 FOR THE PURPOSE OF)	CASE NO. 94-056
REFUNDING BOND ANTICIPATION NOTES)	
AND FOR OTHER NEEDS; AND (B) NOTICE)	
OF AN ADJUSTMENT IN WATER RATES: AN)	
INCREASE OF APPROXIMATELY)	
\$1,834,000 EFFECTIVE MAY 1, 1994)	

O R D E R

IT IS ORDERED that Kenton County Water District No. 1 ("Kenton District") shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, no later than 14 days from the date of this Order. Where such information has previously been provided in the original application in the format requested herein, reference may be made to the specific location of this information in responding to this Order. Kenton District shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each item of information requested.

1. Refer to Kenton District's response to the Order of June 6, 1994, Item 2(b).

a. Show the calculations used to derive the average expected aggregate risk of \$257,974.

b. Provide detailed comparisons of the test year amount of \$154,550 with the projected amount of \$257,974. This detailed comparison should be broken down by individual line item components

of the expenditure. Provide documentation for any increase or decrease to test year line items.

2. Refer to Exhibit G of Kenton District's application, page 7 of 19. State all assumptions and provide all calculations used to derive increased operation and maintenance expenses of \$9,000 and \$33,662 for Projects 2-93-3V and 1-92-VV, respectively.

3. Refer to Kenton District's response to the Order of June 6, 1994, Item 5. Provide calculations to support the reconciling items included in that response.

4. Refer to Kenton District's response to the Order of June 6, 1994, Item 7.

a. Provide invoices to support the following expenses incurred:

(1) Acct. 613 - Extensive underwater cleaning and maintenance.

(2) Acct. 665 - Safety equipment and traffic control devices.

(3) Acct. 672 - 1993 tank painting (If different from invoices filed in response to Item 14 of 6/6/94 Order).

(4) Acct. 928 - Case No. 94-056 rate case expenses (If not filed in response to Item 10 of 6/6/94 Order).

b. Describe Kenton District's accounting treatment of the expenditures listed in part (a) above.

c. State whether each of the following increased expenditures are non-recurring charges. For each non-recurring charge, provide invoices or other documentation to support the portion that is not likely to recur

- (1) Acct. 626 - Security guards.
- (2) Acct. 641 - Additional chemicals.
- (3) Acct. 642 - 2 additional plant operators.
 - (a) Truck driver for sludge hauling program.
 - (b) Temporary laborers for zonal flushing program.
- (4) Acct. 904 - Bankruptcy write-off.

5. Refer to Exhibit C, page 29, of Kenton District's application. Does Kenton District anticipate any material change from the test year amounts in the Other Water Revenues accounts? Explain.

6. Refer to Kenton District's response to the Order of June 6, 1994, Item 6(b).

a. Will Kenton District be renting water property subsequent to the test year?

b. Is an adjustment to decrease test year other water revenues by \$3,240 to eliminate Rents from Water Property appropriate? Explain.

7. Refer to Kenton District's response to the Order of June 6, 1994, Item 9. Does Kenton District expect to incur Research and Development expenses in subsequent years at a level comparable to the 1993 expenses of \$72,000? Explain.

8. Refer to Kenton District's Response to the Order of June 6, 1994, Item 4. Identify the "various engineering publications" to which Mr. Dixon refers in his letter of February 21, 1994.

9. On an average daily basis, how much of the additional 11 million gallons of capacity created by the recent expansion of the Fort Thomas Water Treatment Plant is expected to be used in

- a. 1994
- b. 1995
- c. 1996

10. Refer to Kenton District's Response to the Order of June 6, 1994, Item 11. Explain the basis for Kenton District's Board of Commissioners' action to increase its treasurer's annual compensation beyond the \$3600 limit established in KRS 74.020.

11. Refer to Kenton District's Response to the Order of June 6, 1994, Item 18. Identify the court decisions to which this response refers. Provide any decisions which are not published decisions.

12. a. List all cases before utility regulatory commissions in which witness Ober testified.

b. For each case, identify the party on whose behalf witness Ober testified and the subject matter of his testimony.

c. For each case in which witness Ober testified before the Kentucky Public Service Commission or its predecessors, provide a copy of his testimony.

13. What consideration has Kenton District given to conservation and demand-side management measures as a means of reducing peak demand and avoiding the construction of additional water production capacity?

Done at Frankfort, Kentucky, this 1st day of July, 1994.

ATTEST:


Executive Director

PUBLIC SERVICE COMMISSION


For the Commission